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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )

Billed Party Preference for 0+ )  
InterLATA Calls )

CC Docket No. 92-77

Reply Comments of U.S. Intelco Networks, Inc.

U.S. Intelco Networks, Inc. ("USIN"), by its attorneys, on behalf of itself and its Independent Telephone Company ("ITC" or "Independent") owners and users and pursuant to Section 1.415 and 1.419 of the Commission's Rules,<sup>1</sup> respectfully submits the following Reply Comments on the Further Notice of Proposed Rulemaking ("Further Notice") regarding Billed Party Preference ("BPP"), released herein on June 6, 1994.<sup>2</sup>

USIN notes that the record unquestionably reveals that immediate implementation of BPP is not in the public interest, as the costs far outweigh the benefits to be achieved.<sup>3</sup> Moreover, the record indicates that, should BPP be implemented, 14-digit screening is unnecessary either to achieve the benefits of BPP or to permit both LECs and IXC's to issue line-number based cards.<sup>4</sup>

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<sup>1</sup> 47 C.F.R. §§ 1.415; 1.419.

<sup>2</sup> In the Matter of Billed Party Preference for 0+ InterLATA Calls, CC Docket No. 92-77, Further Notice of Proposed Rulemaking, released June 6, 1994. See Notice of Proposed Rulemaking, CC Docket 92-77, 7 FCC Rcd 3027 (1992) ("NPRM").

<sup>3</sup> See generally Comments of NTCA, OPASTCO, AT&T, CompTel, SNET, BellSouth, and NYNEX.

<sup>4</sup> See generally Comments of Southwestern Bell.

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List A B C D E

## **I. The Costs of BPP Outweigh the Benefits**

The costs of implementing BPP, particularly for small, rural local exchange companies which would be required to convert end offices to SS7 capability, are extraordinary.<sup>5</sup> Even those commenters favoring BPP nonetheless acknowledge the significant costs involved in its implementation.<sup>6</sup> Additionally, the comments support the conclusion that the demand for simplified 0+ dialing as a method to reach a carrier of choice is not significant enough to warrant these extraordinary costs.<sup>7</sup> Accordingly, the benefits expected to be achieved by BPP are not likely to materialize at the levels anticipated by the Commission in the Further Notice.

USIN agrees with the Comments of NTCA, Teleport, and CompTel, which state that BPP is a concept whose time has come and gone.<sup>8</sup> The record demonstrates that customers are now sufficiently experienced with a variety of mechanisms that permit them to reach their carrier of choice, e.g., 10XXX, 950, and 800 access, and are able to easily select a carrier through these dialing mechanisms.<sup>9</sup> These dialing mechanisms, in fact, are widely accepted and entail no greater costs to either the customer or the network to enable the customer to select a carrier. Accordingly, implementation of BPP will not achieve the benefits sought as effectively as

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<sup>5</sup> See, e.g., Comments of USTA, at 4, Comments of NTCA at 2, Comments of GVNW (discussing costs of end office conversion).

<sup>6</sup> See, e.g., Comments of Ameritech at 10; Comments of Southwestern Bell at 5, Comments of Sprint at 27-32.

<sup>7</sup> See, e.g., Comments of OPASTCO at 4 (survey evidence that, of all toll calling, only 5.97% use 0+ or 0- dialing); Comments of CompTel at 30 (noting that customers are familiar with alternate access methods, e.g. 10XXX or 950).

<sup>8</sup> See, e.g., Comments of CompTel at 2; Comments of NTCA at 6, Comments of Teleport at 2.

<sup>9</sup> See, e.g., Comments of SNET at 4.

increased promotion of 800, 10XXX and 950 access methods. Given the high cost estimates submitted in the initial comments, the questionable level of benefits to be achieved does not support a policy mandating BPP.

**II. The Record Demonstrates that 14-digit Screening is Unnecessary, Excessively Costly, Overly Complex, and Creates Fraud Risks.**

Similarly, the record demonstrates that the costs of 14-digit screening outweigh any benefits likely to be achieved by its implementation. First and foremost, no party has demonstrated, nor could it demonstrate, that 14-digit screening is necessary to permit IXC's to issue line-number based cards. Moreover, the record indicates that implementation of 14-digit screening would create further costs not included in the current BPP cost estimates, excessive complexity with regard to customer information accounts, and increased risks of fraud.

In the Further Notice, the Commission expressed concern that, absent 14-digit screening, multiple parties would not be able to simultaneously issue line-number based cards. Further Notice, para. 73. The implication was that the issuance of line-number based cards might be unfairly dominated by LECs who maintain local line number accounts. See id. For example, Sprint suggests that the Commission should "ensure" that IXC's have equal rights to issue line-number based cards. Comments of Sprint at 54.

As demonstrated by the record, the Commission's fears are unfounded, and Sprint's concerns are misplaced. Many IXC's presently issue calling cards, including line-number based cards. See Comments of LDDS at 13. 14-digit screening is not required, in a BPP environment, to permit a customer to obtain a line-number based card from its card issuer of

choice (which may or may not also be its long-distance carrier). Nothing in the record demonstrates how BPP would create the need for additional measures to ensure that LECs do not obtain excessive control over the issuance of line-number based cards.<sup>10</sup>

Additionally, the record indicates that 14-digit screening would create additional costs. In support of 14-digit screening, Sprint suggests that the costs of implementing such a system would be modest. Comments of Sprint at 53. Because of the added complexities in upgrading the LIDB, ongoing administration of multiple IXCs' PIN numbers, and increased fraud, the costs of 14-digit screening are likely to be anything but modest.<sup>11</sup> Moreover, 14-digit screening would also create excessive complexity with regard to customer information accounts,<sup>12</sup> and increased risks of fraud.<sup>13</sup> These factors must also be considered when weighing the costs and benefits of BPP. The record confirms that when these factors are included, implementation of 14-digit screening is clearly not in the public interest.

USIN agrees with the Comments of Southwestern Bell that 14-digit screening is not responsive to consumer needs, as consumers have not expressed a desire for multiple line-

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<sup>10</sup> LDDS states that it would have to abandon its line number based cards to participate in BPP if ten digit screening is all that is required. Comments of LDDS at 13. USIN does not understand, and LDDS does not explain, how this is so. Whichever LIDB LDDS utilizes to validate its calling card customer's number presently contains a record for that number. If, under BPP, that customer was pleased with LDDS' service and selected LDDS as its presubscribed 0+ carrier of choice, that line-number based card could continue to be utilized on all of that customer's 0+ calls.

<sup>11</sup> See generally, Comments of GTE at 18; Comments of Southwestern Bell at 9.

<sup>12</sup> See Comments of GTE at 19-22.

<sup>13</sup> See Comments of Bell Atlantic at 21; Comments of Pacific Bell and Nevada Bell at 4-5.

number based cards. Comments of Southwestern Bell at 8. Additionally, USIN disputes the significance of Sprint's "never-ending tug of war" between LECs and IXC's. Comments of Sprint at 53. The FCC has substantial experience in monitoring arrangements for carrier identification, e.g., 800 databases, where carriers are in competition for customers. USIN believes that competition in the calling card market, like the 800 services market, can be effectively monitored.

### **III. The FCC Should Include the Cost Recovery Mechanisms in Its Analysis of BPP.**

In the Further Notice, the FCC requested comment on mechanisms for recovering the costs of BPP. Further Notice, para. 59. In its initial comments, USIN noted that the Commission's discussion presumes that BPP will be regulated as an access service, and therefore requested that the FCC clarify that BPP will be classified as an access service, and that recovery of BPP costs will be achieved through access charges. Comments of USIN at 5. Sprint suggests that the Commission need not resolve cost recovery issues in determining whether to require BPP, although it should assure LECs of adequate cost recovery. Comments of Sprint at 42.

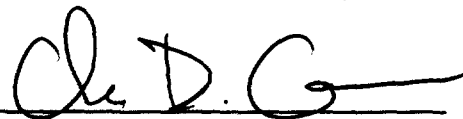
USIN submits that Sprint's suggestion is flawed in one key respect. The costs involved in structuring a cost recovery mechanism for BPP, and the effect of the mechanism selected on the parties responsible for implementing BPP, are critical factors to weigh in a cost/benefit analysis of BPP. Sprint's comments belie this fact, in noting its concern that some Operator Service Providers ("OSPs") may elect to "opt out" of BPP. Comments of Sprint at 42. Such a practice would indicate that the costs of BPP may outweigh the benefits, and the possibility that some OSPs could "opt out" should be considered in the Commission's evaluation of BPP.

## CONCLUSION

USIN respects the Commission's desire to take steps to combat perceived problems with operator services, payphone presubscription and calling card issuance. The record indicates, however, that implementation of BPP would not be a cost-effective response to these problems. Rather, increased customer education regarding the use of access codes, continued enforcement of access code unblocking, and perhaps appropriate regulation of AOS rates will be more cost-effective. Should BPP be adopted, nothing in the record supports the conclusion that 14-digit screening is required to ensure that LECs do not monopolize the market for line-number based calling cards. IXC's are already capable of issuing line-number based cards, and will continue to have that capability should BPP be implemented. The record demonstrates that multiple line-number based cards would create unnecessary additional costs, complexity, and increase the risk of fraud.

Respectfully submitted,

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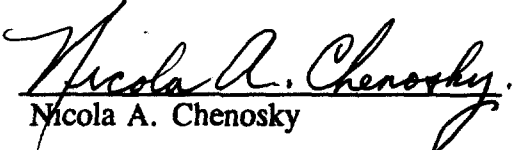
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## CERTIFICATE OF SERVICE

I, Nicola A. Chenosky, hereby certify that on this 14th day of September, 1994, a copy of the foregoing "Reply Comments of U.S. Intelco Networks, Inc. on the Further Notice of Proposed Rulemaking" was served by via United States first class mail, postage prepaid, to the following parties:

  
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